

STATE OF SOUTH CAROLINA

(Caption of Case)

Petition of South Carolina Electric and Gas
Company Requesting Accounting Order Related to
Municipal Fee Payments

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

DOCKET

NUMBER: 2007 - 459 - E

(Please type or print)

Submitted by: Belton T. Zeigler

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NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)

☐ Emergency Relief demanded in petition ☒ Request for item to be placed on Commission's Agenda expeditiously

☐ Other: _____

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)		
<input type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input checked="" type="checkbox"/> Letter	<input type="checkbox"/> Request
<input checked="" type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certificatio
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigator
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other:
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest	
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit	
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report	

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January 15, 2008

VIA HAND DELIVERY

The Honorable Charles L. A. Terreni
Chief Clerk & Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

Re: Letter Requesting Accounting Order Related to Municipal Fee Payments

Dear Mr. Terreni:

On December 20, 2007, South Carolina Electric and Gas Company ("SCE&G" or the "Company") filed a request with the South Carolina Public Service Commission (the "Commission") for an accounting order regarding municipal fee payments made by the Company and the current positive balances in its pre-paid accounts related to them. In that letter, SCE&G sought an accounting order that would:

1. Allow SCE&G, beginning with its calendar year 2007 financial statements, to record current-year payments of municipal fees as a prepaid expense on its balance sheet and record current-year collections as other electric or gas revenue, as appropriate, net of the amortization of the prior year prepayment; and
2. Allow SCE&G to credit the outstanding balance related to these fees as of December 31, 2006 to the cost of gas calculation or the electric fuel factor calculation as appropriate.

SCE&G is writing to clarify that the letter of December 20, 2007, seeks an accounting order only from the Commission. This accounting order would allow the Company to apply the proposed accounting treatment to its calendar year 2007 books and would avoid the accumulation of funds in these prepaid accounts going forward. However, as is generally the case with accounting orders, the accounting treatment would be subject to full review and reconsideration in future fuel clause proceedings, cost of gas proceedings or other rate-related proceedings.

The Honorable Charles L. A. Terreni

January 15, 2008

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Specifically, as to its electric operations, the Company intends to include the fuel cost credit discussed above in the electric fuel factor calculations to be presented to the Commission in Docket No. 2008-2-E. The Commission will hear testimony in that docket on March 27, 2008. The Company will prefile testimony on February 27, 2008, that will include a detailed explanation of the history of the accounting treatment of municipal fees, the reasons why a positive balance has been created in the prepaid accounts, and the rationale of the proposed adjustment and accounting treatment going forward. At the March 27th hearing, the parties and the Commission will be free to raise any concerns they may have regarding the proposed adjustments and accounting treatment. The requested accounting order would not prejudice the rights of any parties to litigate issues in that docket, nor would it limit the ability of the Commission to order any relief it might deem appropriate at the conclusion of the hearing.

The Company would respectfully submit that the statutes, regulations and past Commission practice would support the Commission's review of the proposed adjustments and accounting treatment in this matter. However, in light of concerns raised by others about the unique nature of this adjustment, and as a resolution and settlement of those concerns, the Company is willing to provide additional notice to the public that this accounting issue and adjustment will be considered in Docket 2008-2-E. SCE&G would respectfully submit that this re-noticing would be based entirely on the unique circumstances surrounding this particular adjustment and is proposed without conceding the necessity for doing so in any future proceedings.

On behalf of the Company, let me thank the Commission and its Staff for its consideration of this matter.

Respectfully Submitted,

s/ Belton T. Zeigler

Belton T. Zeigler

cc: Nanette Edwards, Esq.

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2007-459-E

IN RE:

Petition of South Carolina Electric)
and Gas Company Requesting)
Accounting Order Related to)
Municipal Fee Payments)

CERTIFICATE OF SERVICE

I, the undersigned employee of Haynsworth Sinkler Boyd, P.A., do hereby certify that I have caused the foregoing to be served via U.S. mail, postage prepaid, *or by other delivery as indicated*, to all parties of record at the addresses shown below.

1. Letter Clarifying the Letter Requesting Accounting Order
Related to Municipal Fee Payments

Parties of Record

Nanette Edwards, Esquire
Office of Regulatory Staff
1441 Main Street, Suite 300
Columbia, South Carolina 29201
nsedwar@regstaff.sc.gov

HAYNSWORTH SINKLER BOYD, P.A.

By: s/ Margaret A. McClintock
Margaret A. McClintock
Paralegal

Date: January 15, 2008